

**Guilherme Finkelfarb Lichand**

**Courts, Contract Enforcement, and  
Entrepreneurship**

**Dissertação de Mestrado**

Dissertation presented to the Postgraduate Program in Economics of the Departamento de Economia, PUC-Rio as partial fulfillment of the requirements for the degree of Mestre em Economia.

Advisor: Prof. Rodrigo Reis Soares

Rio de Janeiro  
March 2010



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## Resumo

Lichand, Guilherme Finkelfarb; Soares, Rodrigo Reis. **Cortes, Executabilidade de Contratos e Empreendedorismo**. Rio de Janeiro, 2010. 89p. Dissertação de Mestrado — Departamento de Economia, Pontifícia Universidade Católica do Rio de Janeiro.

Uma extensa literatura explora o papel de indivisibilidades como determinantes de escolha ocupacional e empreendedorismo. Na verdade, tais imperfeições de mercado são em última instância função dos limites à executabilidade de contratos na economia. Nesse artigo, incorporamos explicitamente a operação das cortes e o ambiente contratual em um modelo de escolha ocupacional e empreendedorismo. Nosso modelo mostra que diferentes ambientes contratuais estão associados a diferentes ineficiências nas decisões ocupacional e de investimento. Algumas dessas ineficiências são idênticas às aquelas destacadas pela literatura, enquanto outras são de natureza diferente. As previsões da teoria sobre o efeito de executabilidade de contratos sobre empreendedorismo e investimento são então levadas aos dados utilizando-se da mudança institucional representada pela criação dos Juizados Especiais Cíveis nos municípios brasileiros a partir de meados da década de 1990.

## Palavras-chave

Cortes judiciais    Garantia de contratos    Instituições    Escolha ocupacional    Empreendedorismo

## Abstract

Lichand, Guilherme Finkelfarb; Soares, Rodrigo Reis. **Courts, Contract Enforcement, and Entrepreneurship**. Rio de Janeiro, 2010. 89p. MsC Dissertation — Departamento de Economia, Pontifícia Universidade Católica do Rio de Janeiro.

An extensive literature has explored the role of indivisibilities as determinants of occupational choice and entrepreneurship. In reality, such market imperfections are ultimately function of the limits to contract enforcement in the economy. In this paper, we explicitly incorporate the operation of courts and the contract environment in a model of occupational choice and entrepreneurship. Our model shows that different contractual settings are related to different inefficiencies in occupational and investment choices. Some of these inefficiencies are identical to those highlighted in the literature, while others are different in nature. Theory's predictions concerning the effects of contract enforcement on entrepreneurship and investment are then taken to the data by exploring the institutional change represented by the creation of Special Civil Tribunals in Brazilian municipalities from mid-1990's on.

## Keywords

Courts    Contract enforcement    Institutions    Occupational choice  
Entrepreneurship

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